

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 24426 01 OF 02 161912Z

53

ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-01 H-01

PA-01 PRS-01 USIA-06 CIAE-00 COME-00 FRB-01 INR-05

NSAE-00 XMB-02 OPIC-06 LAB-01 SIL-01 HEW-02 DRC-01

/084 W

----- 012791

R 161845Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3249

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMCONSUL STRASBOURG

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 24426

E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: NEW INCOME MAINTENANCE AGREEMENT

1. SUMMARY. UNIQUE FOR WEST LABOR-MANAGEMENT AGREEMENT SIGNED 14 OCTOBER PROVIDES FOR PAYMENT OF FULL SALARY UP TO A FULL YEAR TO EMPLOYEES AFFECTED BY LAYOFFS. THIS OBVIOUSLY GENEROUS INCOME-MAINTENANCE PROGRAM WILL PROVIDE IMPORTANT CUSHION FOR EXPECTED INCREASE IN UNEMPLOYMENT WHICH IN FRANCE REMAINS AN EXPLOSIVE ISSUE. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 24426 01 OF 02 161912Z

2. AN UNPRECEDENTED INCOME-MAINTENANCE AGREEMENT

WITH MAJOR ECONOMIC AND POLITICAL IMPLICATIONS WAS SIGNED 14 OCTOBER BY ALL FIVE MAJOR LABOR ORGANIZATIONS (CGT, FO, CFDT, CFDC AND CGC) AND THE CNPF (NATIONAL EMPLOYER'S ASSOCIATION). IT ESTABLISHES PRINCIPLE OF PAYMENT OF 90 PERCENT OF GROSS SALARY (100 PERCENT OF NET) TO WORKERS LAID OFF FOR ECONOMIC REASONS (LICENCIEMENTS COLLECTIFS) FOR PERIODS UP TO FULL YEAR PENDING PLACEMENT IN NEW JOBS. PAYMENT WILL BE MADE THROUGH AN INDEMNITY, TO BE KNOWN AS "WAITING PERIOD INDEMNITY", WHICH WILL MAKE UP DIFFERENCE BETWEEN PREVIOUS SALARY AND EXISTING UNEMPLOYMENT BENEFITS AND SOCIAL ASSISTANCE.

3. NEW PROGRAM WILL BE ADMINISTERED BY UNEDIC, A PRIVATE FUND WHICH UNDER COMBINED UNION-CNPF MANAGEMENT IS ADMINISTERING SUPPLEMENTARY UNEMPLOYMENT BENEFITS COVERING 90 PERCENT OF WORK FORCE IN THE PRIVATE SECTOR. UNEDIC IS FINANCED THROUGH EMPLOYER (80 PERCENT) AND EMPLOYEE (20 PERCENT) CONTRIBUTIONS OF 0.80 PERCENT OF PAYROLL SOON TO BE RAISED TO ONE PERCENT. IN ORDER TO MEET NEW REQUIREMENT UNEDIC WILL REQUIRE AN INCREASED GOF CONTRIBUTION.

4. GOF INITIAL OFFER TO UNEDIC WAS ONE BILLION FRANCS WHICH REPRESENTS 15 PERCENT INCREASE OVER AMOUNT CONTRIBUTED IN CURRENT YEAR. HOWEVER, BOTH UNIONS AND CNPF CONSIDER THIS AMOUNT INADEQUATE AND INSIST ON MORE. MATTER WILL BE NEGOTIATED 22 OCTOBER.

5. IN ORDER TO AVOID ABUSES BY EMPLOYERS TEMPTED TO LAY OFF EMPLOYEES TOO HASTILY AT FIRST DECLINE OF BUSINESS AND BY EMPLOYEES TEMPTED BY PROSPECT OF A YEAR OFF WITH FULL PAY, 14 OCTOBER AGREEMENT PROVIDES THAT MIXED COMMITTEES WOULD REVIEW EACH INDIVIDUAL CASE EVERY THREE MONTHS TO ASSURE THAT THE BENEFICIARY HAS NOT REFUSED EMPLOYMENT OFFERS OR OPPORTUNITIES FOR RETRAINING.

6. ACCORDING TO FRENCH LEGAL PROCEDURES ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 24426 01 OF 02 161912Z

COLLECTIVE AGREEMENTS THE 14 OCTOBER ACCORD WILL BE INCORPORATED IN A LAW TO BE SUBMITTED TO NATIONAL ASSEMBLY IN ITS CURRENT SESSION SO AS TO GIVE IT THE FORCE OF LAW AND THUS BECOME APPLICABLE THROUGHOUT THE COUNTRY AND TO EMPLOYERS WHO ARE NOT CNPF MEMBERS. IT IS EXPECTED TO GO INTO EFFECT 1 JANUARY 1975.

7. COMMENT. THERE CAN BE NO DOUBT THAT 14 OCTOBER

AGREEMENT IS MAJOR STEP IN DIRECTION OF GISCARD'S
AMBITION TO MAKE FRANCE AN "AVANT GARDE" COUNTRY.
SIGNATURE OF ACCORD GAVE LEGITIMATE SENSE OF PRIDE
TO EVERY FRENCHMAN AS REFLECTED IN COMMENTARY BY ALL
PARTIES CONCERNED AND ESPECIALLY BY PRESS WHICH
CORRECTLY DESCRIBES AGREEMENT AS UNIQUE IN WESTERN
WORLD. IT IS NO EXAGGERATION TO COMPARE THIS
AGREEMENT TO 1936 LEGISLATION ON ANNUAL LEAVE, 1945
ESTABLISHMENT OF SOCIAL SECURITY AND 1971 LAW ON
RECURRING EDUCATION, ALL MAJOR LANDMARKS IN FRENCH
SOCIAL LEGISLATION.

8. AGREEMENT REFLECTS A TRIPLE VICTORY:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 24426 02 OF 02 161911Z

53

ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-01 H-01

PA-01 PRS-01 USIA-06 CIAE-00 COME-00 FRB-01 INR-05

NSAE-00 XMB-02 OPIC-06 LAB-01 SIL-01 HEW-02 DRC-01

/084 W

----- 012845

R 161845Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3250

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMCONSUL STRASBOURG

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 24426

(A) IT FULFILLS ANOTHER OF GISCARD'S ELECTORAL PROMISES AND CONFIRMS GOF PRIORITY ATTENTION GIVEN TO UNEMPLOYMENT. A VICTORY ALSO FOR CHIRAC WHO HAS ESPOUSED "CONTRACTUAL POLICY" (READ COLLECTIVE BARGAINING) AND HAD PUT NEGOTIATING PARTIES ON NOTICE THAT IF THEY DID NOT CONCLUDE AGREEMENT BY END OF OCTOBER GOF WOULD ACT BY LEGISLATION.

(B) UNIONS WHICH, IN THIS PARTICULAR INSTANCE, PUT ASIDE THEIR IDEOLOGICAL DIFFERENCES AND NEGOTIATED WITH UNUSUAL UNITY AND FIRMNESS WON ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 24426 02 OF 02 161911Z

TWO KEY POINTS, NAMELY, EXTENSION OF THE AGREEMENT EVEN TO INDIVIDUAL WORKERS, VICTIMS OF LAYOFF AND RETENTION OF SAME AMOUNT OF INDEMNITY THROUGHOUT 12-MONTH PERIOD. CNPF WANTED TO LIMIT ELIGIBILITY TO LAYOFFS INVOLVING MORE THAN 10 EMPLOYEES AND A PROGRESSIVE REDUCTION OF AMOUNT OF INDEMNITY.

(C) CNPF PREVAILED IN ITS INSISTENCE THAT THERE BE PERIODIC REVIEW OF ELIGIBILITY FOR THE INDEMNITY.

9. NORMALLY THE AGREEMENT SHOULD OPERATE AS AN IMPORTANT CUSHION TO WEATHER THE EXPECTED RISE IN UNEMPLOYMENT WHICH IS INCREASINGLY THE SUBJECT OF MUCH SPECULATION AND APPREHENSION. IT REPRESENTS THEREFORE A MAJOR CNPF AND GOF CONCESSION WHICH IN FACT IS BEING DESCRIBED BY SOME OBSERVERS AS "RANSOM OF FEAR". IT HAS BEEN SAID WITH GOOD REASON THAT FRENCH "PATRONAT" NEVER RECOVERED FROM THE SHOCK OF 1968 EVENTS AND HAS BEEN READY EVER SINCE TO PAY ALMOST ANY PRICE TO AVOID A REPLAY. ACCORDINGLY, THE QUESTION WHETHER FRANCE CAN AFFORD SUCH A GENEROUS INCOME-MAINTENANCE PROGRAM IS BEING ANSWERED BY THE QUESTION WHETHER FRANCE COULD AFFORD (POLITICALLY) NOT TO HAVE SUCH AN EXPENSIVE PROGRAM. UNEMPLOYMENT IS AN EXPLOSIVE ISSUE IN FRANCE.

IRWIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR RELATIONS, LABOR LAW, COST OF LIVING WAGE ADJUSTMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS24426
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740294-0666
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741042/aaaabjvb.tel
Line Count: 217
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2002 by boyleja>; APPROVED <18 MAR 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW INCOME MAINTENANCE AGREEMENT
TAGS: ELAB, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005